

The FACTs: HUD's Manufactured Housing Newsletter

Office of Manufactured Housing Programs

September 2016

Issue 11

Welcome to the eleventh edition of The FACTs: HUD's Manufactured Housing Newsletter! The purpose of this newsletter is to connect to individuals who encompass the different aspects of manufactured housing – manufacturers, retailers, trade associations, state and local officials, lenders, and consumers. We also want to reach out to those who are curious about manufactured housing, HUD's role as a regulatory body, and the impact of rules and regulation on the industry.

If you would like to receive further issues of the FACTs newsletter, [click here](#) to be added to our database. In addition to information from HUD's Manufactured Housing program, a new feature will be implemented periodically.

This "spotlight" will feature a guest columnist from outside of the Department. The purpose of this new feature will be to relay items of interest to other manufactured housing stakeholders. If you are interested in submitting an article to the FACTs Newsletter, please send an email to mhs@hud.gov and include the words "Article Submission" in the subject line.

State Administrative Agency and Primary Inspection Agency 2016 Conference

The Office of Manufactured Housing Programs (OMHP) held its second national meeting with its State Administrative Agency and Primary Inspection Agency (SAA/PIA) partners at the Holiday Inn – Capitol on June 14 and 15, 2016.

Pamela Beck Danner, Administrator for the Office of Manufactured Housing Programs and Edward Golding, Principal Deputy Assistant Secretary, Office of Housing, kicked off the two-day meeting by welcoming the SAAs, PIAs, and industry partners.

After introduction of the participants, Jason McJury, Civil (Structural) Engineer with the OMHP, and Russell Sargent, National Director of Quality and Services at Champion Home Builders, Incorporated, gave a joint presentation on the Subpart I regulations from both HUD and the manufacturers' perspective.

Mr. McJury spoke in-depth, reviewing key points of the Manufacturer's Determinations, Recordkeeping

Requirements, Remedial Actions, Plan of Notification, and the Waiver Checklist of Subpart I. Mr. Sargent shared the importance of manufacturers following the Subpart I regulations and provided an example of the steps Champion takes to ensure thoroughness of the Subpart I process and that the expectations of all parties involved are met.

Mr. McJury returned to the stage after a short break to provide an overview of the Record Review process. He explained how the interdependent relationship of SAAs, IPIAs, and HUD could be used to reduce the construction and safety issues, as well as, greatly improve manufactured housing. Debra Blake, Deputy Director/Manufactured Housing in the State of Arizona, and Mark Conte, Director of Factory Housing and Building Standards in the State of Pennsylvania, presented the Record Review procedures for their individual states.

continued on page 2

In this issue:

SAA-PIA	1
On-Site Rule	5
DOE Proposed Rule	6
Tennessee Visit	6
Design and In-Plant Audit Findings	7
Installation Program Update	10
Dispute Resolution	11
Did You Know?	12
From the Desk of the Administrator	13

SAA-PIA Conference



HUD Principal Deputy Assistant Secretary Edward Golding gives opening remarks at the National Meeting 2016.

To simulate a real live record review at a manufacturer's plant for educational purposes, the OMHP team consisting of Teresa Payne, Deputy Administrator, acting as the facilitator, Patricia McDuffie, Manufactured Housing Specialist acting as the record reviewer, and Leo Huott, Management Analyst acting as the manufacturer, conducted an in plant record review to assess compliance with Subpart I. Ms. Payne made this simulation interactive with the audience by asking the audience to respond to some of the issues presented throughout the record review.

In the afternoon session, participants broke up into working groups to analyze and discuss record review case studies. The information in each case study was collected from a manufacturer during a record review. Each working group evaluated the sample documents and answered questions to determine if descriptions of the issues were sufficiently detailed to assess whether or not the manufacturer made the appropriate initial determinations, if additional information and/or investigatory data was needed to make initial determinations and if there was an adequate basis (logic) to conclude that the initial determinations are appropriate, and what actions, if any, should the SAA or IPIA take in accordance with 24 CFR §§ 3282.362(c) and 3282.364.

The working groups also had to determine if the manufacturer recorded each initial and class determination required under 24 CFR § 3282.404, in a manner approved by the SAA and that identifies who made each

determination, what each determination was, and a basis for each determination, what additional information and/or investigatory data was needed to conclude whether or not there is a class of homes, and have adequate bases (logic) to conclude whether or not a class of homes is similarly affected. As part of the case study, the SAAs and PIAs identified areas for improvement with respect to the manufacturer's compliance with Subpart I requirements, and what recommendations and/or requirements the manufacturer should change in its procedures, investigations, and record keeping to ensure compliance with the Regulations.

At the end of the breakout session, each working group presented their conclusions of the case studies to the full meeting body.

Ms. McDuffie, gave a presentation on the Oversight and Handling of HUD correspondence. In her presentation, Ms. McDuffie outlined the types of correspondence sent by HUD (Subpart I Letters and In-Plant Audit Reports, SAA Monitoring Assessment (SMA) Worksheets, SMA Letters and Recommendations, IPIA Performance Reviews (IPRs), and DAPIA Performance Reviews (DPRs).

Previously HUD issued a Cooperative Monitoring Assessment (CMA) report to states participating as an SAA; however, after evaluating the information gathered from the reports, both HUD and its monitoring contractor, the Institute for Building Technology and Safety (IBTS),

concluded that the report needed to be updated to give an accurate evaluation of the capabilities of the manufactured housing program for each SAA. The SMA breaks the report into two separate categories: Non-Manufacturing (location) States (SAALs) and Manufacturing States (SAAMs). The new SMA reports are more streamlined and simplified.

Ms. McDuffie also provided a detailed presentation of the new SAAM and SAAL reports to the meeting participants by going through each report, elaborating further the commonalities and differences between the CMAs and the SMAs, how the new reports could help improve the roles and responsibilities of the SAAs and how HUD supports the goal, mission, and program enforcement for the manufactured housing program.

The second day of the meeting began with a trivia challenge. James Turner, Program Manager with IBTS, fused elements of two popular game shows: *Jeopardy!* and *Who Wants to be a Millionaire*, to present, engage, and educate the participants on issues related to different aspects of manufactured housing.

Following the trivia challenge, there was a presentation and panel discussion on the Manufactured Home Installation Program. Michael Henretty, Program Manager with SEBA Professional Services (HUD's installation contractor), along with Jason McJury, Angelo Wallace, Civil (Structural Engineer), and Rick Mendlen, Senior Structural Engineer with the OMHP, gave a synopsis of the Manufactured Home Installation Program.

Some of the highlights of the presentation included the following: (1) A breakdown of states with their own installation program and states that have an installation program administered by HUD, (2) the four approved training programs, with four-hundred and four individuals successfully passing the required training with 262 HUD licensed installers, (3) the review of and assessment of compliance with installation manuals used for manufactured housing, and (4) the review of Frost Free Foundation (FFF) systems and Frost Protected Foundation (FPF) systems with particular focus on foundations in freezing climates. HUD published an interim guidance for FFF and FPFS on April 11, 2016.

continued on page 3

The next panel session dealt with the On-site Construction Rule. Harry Odum, DAPIA Director with NTA, Incorporated joined Jason McJury to provide an overview of the On-Site Rule and how it would impact HUD and the manufactured housing industry.

The On-Site Rule, which established a simplified and uniform procedure for manufacturers to complete construction of manufactured homes at the installation site without having to obtain advance approval from

HUD, became effective on March 7, 2016; however, manufacturers were allowed a six-month period to transition from needing an Alternative Construction Approval to Site Completion. As of September 7, 2016, the On-Site Rule became fully effective.

A skit of how issues are addressed and resolved through HUD's Dispute Resolution Program (DRP) was performed by Demetress Stringfield, Management Analyst with OMHP, Gregory Miller, Architect with OMHP, Eric Bers, General Engineer with OMHP, Paul DeYoung, Director of Policy and Research and Rachel O'Connor, Program Manager with Savan Group (HUD's contractor for the DRP). The DRP provides a timely resolution of disputes between manufacturers, retailers and installers when the parties cannot agree on a solution to a construction, installation, and/or safety defect with a manufactured home. There are twenty-four HUD-administered states and twenty-six states that have their own DRP.

Ms. Stringfield and Mr. Young provided an overview of the progress of the DRP. Savan and HUD have participated in an exhibit and a presentation this year: Congress and Expo for Manufactured and Modular Housing and Illinois Manufactured Housing Association Annual Conference. In addition, the DRP held a webinar in August to give an overview of

the roles and responsibilities of the retailer, manufacturer, and installer.

Cindy Bocz, Manager for the Texas SAA program, also gave a presentation on how the Manufactured Housing Division enforces the Alternate Dispute Resolution Program (ADRP) in the State of Texas. Ms. Bocz's presentation included types of inspections, field inspection process, mediation process, and arbitration process covered under the ADRP.

Leo Huott, Management Analyst with OMHP, gave a presentation on Subpart L. Reports which are submitted by manufacturers, PIAs, and SAAs respectively as part of the system of enforcement. Additional reports described in Subpart I (24 CFR 3282.401 et. al.) are required when corrective actions are taken under that subpart.

The reports are intended to assist the manufactures, PIAs, and SAAs in management of their function in the manufactured housing program. In addition to providing an overview of the requirements of the Subpart L report, Mr. Huott presented an example of the information that should be included with the Subpart L report.

Chris Stephens, Deputy State Fire Marshal with the Georgia SAA, provided a comprehensive presentation of the State of Georgia's Subpart L report. Georgia offered a unique perspective since it is one of five states that functions as both an IPIA and a SAA. Mr. Stephens' presentation gave examples of each report required under Subpart L, as well as, a list of plants that the State Fire Marshal's Office monitors within Georgia.

Richard St. Onge, IBTS Manager, Quality Audits, and Aashish Shahani, Principal Electrical Engineer with IBTS, presented the top Ten IPIA and DAPIA findings. Covering a period of approximately a year, IBTS tracked one hundred and sixteen audits using Computer Code Items (CCIs). CCI's are used to facilitate cataloging and tracking of the audit findings observed by the

monitoring contractor that relate to the manufacturer's production process.

Quality System Items (QSIs) are used to facilitate cataloging and tracking of the audit findings observed by the monitoring contractor that relate to the effectiveness of the manufacturer's quality control process and IPIA's surveillance. Details of IBTS's audit team findings can be found on pages 7, 8, and 9 of this newsletter.

Rick Mendlen and James Martin, Presidential Management Fellow with the OMHP, Debra Blake, Arizona SAA, and Joe Sadler, North Carolina SAA, provided an update of recent activities of the Manufactured Housing Consensus Committee (MHCC). Ms. Blake and Mr. Sadler are both members of the General Interest - Public Official Category of the MHCC. The panel provided a synopsis of the MHCC's January meeting held in Louisville.

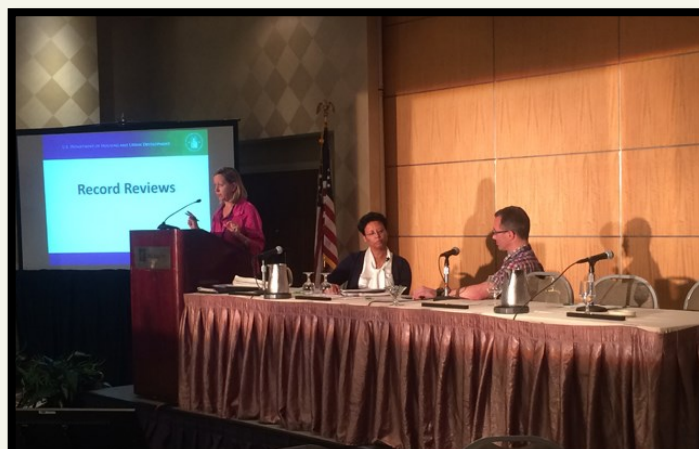
In the afternoon, each of the four SAA regions met in separate breakout sessions to discuss their particular regional concerns. HUD provided the various regions four starter questions to focus and engage discussions. The PIAs also met separately as a group to discuss their common issues and to share and discuss best practices.

Pamela Danner concluded the final day of the SAA/PIA meeting thanking everyone for taking time out of their busy schedules and participating in the meeting. Participants thanked HUD for its continued willingness to share and exchange ideas, collaborate with colleagues, and putting together an informative and mutually beneficial meeting.

The Office of Manufactured Housing Programs looks forward to its continuing relationships with their state and inspection agency partners.



Jason McJury, HUD Civil Engineer-OMHP presents Subpart I Overview.



Record Reviews skit with Teresa Payne, Patricia McDuffie and Leo Huott

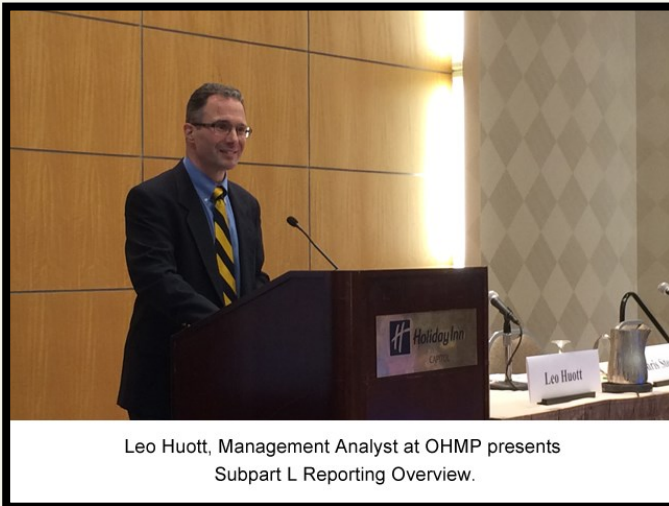
SAA—PIA Meeting in Pictures



Skit on the Dispute Resolution Program with Demetress Stringfield and Greg Miller in the roles of manufacturer and retailer, respectively



Installation Program Presentation and Panel Discussion with Michael Henretty of SEBA Professional Services and Jason McJury, Angelo Wallace and Rick Mendlen of OMHP.



Leo Huott, Management Analyst at OHMP presents Subpart L Reporting Overview.



New Mexico SAA Jesus Carrasco presents the Western Region report.



Rick Mendlen of OMHP introduces Manufactured Housing Consensus Committee members Debra Blake, Joe Sadler and OHMP's James Martin.



All Attendees of the HUD SAA-PIA National Meeting 2016

No, this article isn't about household electrical current and it's also not about a new rock band comprised of the Department of Housing and Urban Development's (HUD) staff (although that would be awesome – the band could go on tour!). This article is about the latest rulemaking by HUD, although a staff rock band would be most interesting!

On March 7, 2016, the requirements for the On-Site Completion of Construction of Manufactured Homes (On-Site Rule) went into effect. The On-Site Rule allows manufacturers to seek approval from its Design Approval Primary Inspection Agency (DAPIA) to do specific on-site work rather than obtaining HUD's approval. Currently approved Alternative Construction (AC) letters are eligible for transition to Site Construction (SC) approvals. To reduce potential mix-ups in production reporting and inspection tracking, and to ensure uniformity in the On-Site Rule's implementation and enforcement, site work previously approved in an AC eligible letter is now required to be transitioned to SC approval no later than September 6, 2016.

Over the past several months, HUD's Office of Manufactured Housing Programs (OMHP) has conducted significant outreach on the rule. Manufactured Housing has responded to written inquiries, phone calls, and various concerns related to the implementation and impacts of the rule. The OMHP is proud of its outreach efforts and is appreciative of the questions that have come in and that have helped to bring uniformity to the implementation effort while reducing misunderstandings and clearing up any aspects of confusion.

Since the beginning of the 2016 calendar year, HUD has conducted four on-site presentations for various industry groups including the Manufactured Housing Consensus Committee and multiple manufactured housing associations. HUD has also conducted extensive



information exchange webinars addressing representatives from 37 State Administrative Agencies (SAAs), 14 Production Inspection Primary Inspection Agencies (PIAs), and six Design Approval Primary Inspection Agencies (DAPIAs). Additionally, HUD has conducted webinars with more than 35 corporate manufacturers with industry association representatives participating. Overall, the outreach has been strong and well received.

In addition to the proactive outreach efforts, HUD has also been reactive to issues raised by nearly every segment of the industry through the information exchanges. To ensure that those conversations and programmatic decisions are available for uniform understanding and application, the OMHP has compiled a list of the more frequently occurring and important questions (FAQs). The list of FAQs is published in one publically available document, currently containing 56 questions and answers.

The most recent revision to the questions and answers document was distributed on July 6, 2016, to all DAPIAs, PIAs, and SAAs. To ensure version control, each issuance is dated at the bottom right hand corner of every page and a sidebar indicates specific questions or answers that have been revised or added. A few of the more recent updates to the list includes clarifying specific construction that can or cannot be completed without an SC approval.

For example, the following items do not require an SC approval:

- Factory preparation of a home built for a site-installed clothes dryer. Refer to 24 Code of

Federal Registration (CFR) §§ 3280.708, 3285.504(d), and 3285.505 (d).

- Factory preparation for field application of an external heating or combination heating/cooling appliance. Refer to 24 CFR §§3280.707(1)(ii) and 3280.709(e) (6).
- Factory preparation for site installation of any appliance that is not otherwise required by the Manufactured Home Construction and Safety Standards (refrigerator, dishwasher, etc.) and provided installation of the appliance would not take the home out of compliance with the Standards.
- Site completion of the installation of a range or cooktop as long as provisions for future installation of the appliance are provided by the manufacturer.
- Site completed tile tub surrounds with specific preparation and instruction provided by the home manufacturer.
- Site completion of interior doors spanning the mate line of multi-sectional homes

HUD continues to require SC approval for other site construction work such as other factory prepped and site-installed water heater and furnaces, a fireplace hearth completed across a marriage line, site completed or installed dormers, and site-completion of shipped-loose exterior doors and windows.

If you weren't aware of any of the above, HUD encourages you to reach out to your PIAs and consult the OMHP's FAQ document found on HUD's website: <http://portal.hud.gov/hudportal/documents/huddoc?id=onsite07062016.pdf>. If you have any additional questions or inquiries that you think should be added to the list, please let the OMHP staff know at mhs@hud.gov.

MHCC MEETING ON DOE ENERGY STANDARDS FOR MANUFACTURED HOUSING

On June 17, 2016, the Department of Energy (DOE) published a proposed rule pertaining to energy efficiency for manufactured housing. (For more information, see 81 FR 39756). Subsequently, DOE held a public meeting to discuss the proposed rule on July 13, 2016. Members of the Department of Housing and Urban Development's (HUD) Office of Manufactured Housing Programs staff, including Administrator Pamela Beck Danner, attended the public meeting.

Per the terms of Section 413 of the Energy Independence and Security Act of 2007 (EISA), DOE is required to consult with HUD, who may, by extension, consult with the Manufactured Housing Consensus Committee (MHCC), on the creation of new energy standards for manufactured housing. To that end, on August 9, 2016, HUD convened a meeting of the MHCC via teleconference to review DOE's proposed rule. HUD distributed DOE's slide presentation from their July 13, 2016, public meeting to the MHCC in order to assist the Committee with its review of the significant issues.

Following a presentation by HUD's Senior Structural Engineer, Rick Mendlen, the MHCC proceeded to assess the issues raised for comment in the proposed rule. MHCC members expressed significant reservations about the rule's impact on home affordability for low income families, as well as future availability of manufactured homes. Members also raised concerns regarding the failure by DOE to include an enforcement mechanism for assuring compliance with its new proposed standards. The MHCC recommended that enforcement of any new energy standards be performed by HUD.

Meeting participants expressed apprehension about the proposed rule's impact on small producers of manufactured homes. Specifically, commenters worried that small manufacturers may be unable to compete in the marketplace due to volume purchasing power afforded to larger manufacturers. In addition, participants expressed concerns regarding potential health effects from new requirements that would tighten the thermal envelope. Other comments raised concerns with the requirements for installation of ceiling and floor insulation.

The comments agreed to by the MHCC at this meeting were forwarded on behalf of the MHCC by the Administering Organization to DOE on August 15, 2016.

Tennessee SAA and Plant Visit

In June of 2016, Teresa Payne, Deputy Administrator, for the Office of Manufactured Housing Programs (OMHP), visited the Tennessee Production Inspection Primary Inspection Agency (IPIA) and State Administrative Agency (SAA) for the records review, SAA Monitoring Assessment, and IPIA Performance Review.

During the visit, Ms. Payne also went to the Cavco Fleetwood Tennessee plant to review files and observe the production process. "It was very interesting to see first-hand the production line of manufactured homes. Everyone was extremely dedicated to the process and the affordable home product," she said.

Manuel Santana, Director of Engineering for Cavco Industries, Incorporated, was also in attendance during the records review. Mr. Santana agreed to try to update current forms and procedures so that all Subpart I elements are clear, concise and transparent. Commenting further on Mr. Santana's presence, Ms. Payne said, "It was very helpful to have a corporate representative at the records review to mutually recognize that there is a need to update the forms and apply them to all plants nationwide."

During her visit, Ms. Payne became familiar with the manufactured homebuilding process and the different components involved at each station.

Teresa Payne, pictured *right* learning how to use the PEX crimp tool.



Most Common Design Review Findings

Design review attributes are used to facilitate cataloging and tracking of the design review findings, observed by the monitoring contractor, that relate to the effectiveness of the DAPIA's design review and approval process.

Period: August 2014 – May 2016

Number of Design Reviews Conducted: 73

Average Number of Findings per Review: 3.9

Ranking	Attribute	Description (Details)	Percentage of Top 10 Design Finding Categories
1	V-A	Receptacle Outlets Required receptacles not provided (69%) No ground fault protection for heat tape outlets (19%) No ground fault protection for bathroom outlets (12%)	41%
2	V-D	Appliance Branch Circuits Appliance branch circuits serving other than permitted locations (58%) Kitchen countertop supplied by only one small appliance branch circuit (26%) Inadequately sized small appliance branch circuit (11%) No ground fault protection for small appliance circuit (5%)	18%
3	II-B	Natural Light & Ventilation Inadequate lighting and ventilation for habitable rooms (88%) Windows over tub not provided with safety glazing (12%)	8%
4	II-A	Egress Provisions Lockable doors not allowed in the path of egress (57%) Egress exterior doors are not allowed in the same room or group of rooms (29%) Removal of window sash is not allowed to meet egress size requirements (14%)	7%
5	IV-Z	Mechanical (Miscellaneous) Improper location of thermostat (100%)	6%
6	IV-C-2	DWV Systems design Inadequately sized wet-vent pipe for toilet and other fixtures (80%) Inadequately sized drain pipe (20%)	5%
7 - 9	IV-B-2	Fuel Supply Design Inadequately sized gas pipe (75%) Inadequately sized gas inlet (25%)	4%
	IV-E-2	Component U-values Inadequate insulation for crossover ducts (75%) Inadequate compressed insulation in ceiling (25%)	
	V-F	Smoke Alarm Locations - Improper location of smoke alarms in bedroom or living areas (100%)	
10	IV-C-1	Water Supply Design - Inadequately sized pipes pipe supplying five or more fixtures (100%)	3%

Most Common In-Plant Monitoring Audit Findings – Computer Coded Items (CCIs)

Computer Code Items (CCIs) are used to facilitate cataloging and tracking of the audit findings, observed by the monitoring contractor, that relate to the manufacturer's production process.

Period: May 2015 – April 2016

Number of Audits Conducted: 116

Average Number of CCIs per Audit: 3.3

Ranking	CCI #	Description of Findings	Rate of Occurrence
1	29.3	Horizontal metal and vinyl siding installation. - Loose or missing fasteners in the vinyl siding - Inadequate installation of vinyl siding trim around doors and windows	16.4%
2	3.2	Homes permitted to be constructed under an active alternative construction (AC) approval authorization were identified and met the requirements of the AC letter issued by the Secretary. - Inadequate reporting of AC homes - Use of expired AC letters	12.1%
3-4	14.1	Floor system compatibility with chassis, set-up instructions and spacing of floor joists. - Missing pier location identification under wide sidewall openings	10.3%
	26.1	Truss or rafter construction and application. - Inadequate gang-nail plate sizes on trusses - Inadequate gang-nail plate location and placement on trusses - Inadequate embedment depths of the gang-nail plate teeth in trusses	10.3%
5-7	11.1	Installation and repair of bottom board. - Insufficient repairs of holes and penetrations through the bottom board	9.5%
	47.3	Other plumbing fixture and material applications and installation. - Improperly installed fixtures - Improper water heater pan drain installation	9.5%
	64.4	All electrical connections are to be made in a workmanlike manner. - Over-stripping of electrical wires - Inadequate connections around binding posts - Loose electrical wire connections	9.5%
8-10	29.1	Hardwood and/or wood product siding installation. - Exposed (untreated) raw lumber used for decorative finish of porch post	8.6%
	69.2	Installation of service equipment and raceway. - Inadequate identification of electrical circuit breakers	8.6%
	71.1	Bonding of noncurrent-carrying metal parts. - Loose ground connections - Improper connection of ground wires in a box (i.e. under a single wire nut) - Multi-gang box with different sized grounds not connected	8.6%

Most Common In-Plant Monitoring Audit Findings – Quality System Items (QSIs)

Quality System Items (QSIs) are used to facilitate cataloging and tracking of the audit findings, observed by the monitoring contractor, that relate to the effectiveness of the manufacturer's quality control process and IPIA's surveillance.

Period: May 2015 – April 2016

Number of Audits Conducted: 116

Average Number of QSIs per Audit: 3.5

Ranking	QSI #	Description of Findings	Rate of Occurrence
1	D-4c	Monthly review of service & inspection records. <i>- Lack of distinguishing between the initial and class determinations</i> <i>- Lack of bases for each initial and class determinations</i> <i>- Lack of identifying the persons making the determinations</i> <i>- Improper use of terminology for initial determinations</i>	52.3%
2	C-1	Receipt & storage of materials. <i>- Improper use of unapproved, new materials</i> <i>- Inadequate acceptance of materials</i> <i>- Inadequate storage and rotation of materials</i>	27.6%
3	A-1b	Manufacturer thoroughness of inspection. <i>- Failures to conform observed after the completion of accountable inspections</i>	25.9%
4	A-1a	Use of approved checklists. <i>- Use of unapproved, new quality control checklists</i>	19.8%
5	C-2	Installation of materials. <i>- Improper compliance with the product manufacturer's installation instructions</i> <i>- Inadequate monitoring of the temperature for foam adhesives</i>	19.0%
6	A-6	Quality operations. <i>- Inadequate internal plant auditing</i> <i>- Inadequate investigations of failures to conform</i> <i>- Inadequate investigations to determine sources of failures to conform</i>	17.2%
7	A-7	Training. <i>- Inadequately trained personnel conducting the accountable inspections</i>	16.3%
8	D-3b	In-plant procedures. <i>- Inadequate IPIA surveillance procedures:</i> <i>- Verification of other homes potentially affected by the same failures to conform</i> <i>- Review of the manufacturer's service records on a monthly basis</i>	14.7%
9-10	D-1b	Evaluation of quality system issues. <i>- Lack of correlation between the manufacturer's quality assurance (QA) manual and the sources of failures to conform</i>	13.8%
	D-2d	Verification that other homes do not contain the same failures to conform. <i>- Inadequate verification of potentially nonconforming homes</i> <i>- Insufficient documentation of complete follow-up inspections of homes at the plant</i>	13.8%

Update on Manufactured Home Installation Program

For the past few months there has been an increase in activities surrounding the Department of Housing and Urban Development's (HUD) Manufacturing Housing Installation Program. The program, which enforces regulations set forth in 24 Code of Federal Regulations (CFR) §§ 3285 and 3286, has been fully implemented in 13 states that do not operate their own qualifying installation program. The 13 HUD-administered states are: Alaska, Connecticut, Hawaii, Illinois, Maryland, Massachusetts, Montana, Nebraska, New Jersey, Rhode Island, South Dakota, Vermont, and Wyoming. HUD has engaged SEBA Professional Services (SEBA) to support the implementation of the program and we are happy to share key program updates and accomplishments.

Training: HUD approved four organizations/providers to train installers of manufactured homes. As of July 2016, three hundred and sixty-four individuals have been trained to perform manufactured home installations in accordance with federal standards.

Installer Licensing: As of July 2016, two hundred and twenty-six installers have received a HUD Manufactured Home Installer License.

Recertification of State Programs: HUD is continuing to review and update certifications for qualifying state installation programs as required by the regulations. Among the states that have been recently reviewed includes Oregon, Indiana, and New York.

Evaluation of State Programs: State administrators are being interviewed to gain better insight into their installation programs. HUD expect to conduct additional interviews in the upcoming months. HUD would also like to thank Wisconsin, Alabama, and Texas for their role in these evaluations and for providing a wealth of information about their state programs. The information gained from these interviews will help improve the installation program.

Monitoring Inspections: In order to help ensure consumer safety and the structural integrity of installed homes, HUD will be conducting monitoring inspections on selected homes and manufactured home parks in several states: Maryland,

Nebraska, Wyoming, South Dakota, New Jersey, Vermont, Massachusetts, Rhode Island, Connecticut, Montana, and Illinois. Any interested inspectors or installers are welcome to participate in these monitoring inspections. For more information, please send an email to hudinfo@sebapro.com.

Installation Manual Reviews: HUD continues to review manufacturer installation manuals in order to ensure clear, adequate and up-to-date information is available to installers and consumers alike. Currently, the manuals for Clayton, Champion, and Sunshine Homes have been reviewed.

Foundations and DAPIA Approvals: HUD has been reviewing plans for alternative foundations to ensure compliance with 24 CFR §3285.312. Based on these reviews, HUD plans to release a preliminary report with instructions on acceptable practices for installing foundations in freezing climates.

HUD has been working with DAPIAs and manufacturers to evaluate the adequacy of alternative foundation plans being submitted for approval. HUD will continue to work with local engineers and building officials to ensure that they understand the requirements set forth in 24 CFR §3285, and to make sure compliant plans for alternative foundations are made available to manufactured home installers. HUD has reached out to local engineers to connect them to installers in their area with site-specific installation and foundation needs. Additionally, HUD is also working to build a list of soil laboratories to assist installers in finding laboratories for site-specific soil tests.

Retailer and Inspection Reports: The forms HUD 305 and 306, maintained by retailers, provides information on the sale, installation and inspection of new manufactured homes. The form HUD 309 provides verification that a new home has been inspected. It is important that these forms are completed and submitted to HUD via SEBA in a timely manner in accordance with program requirements. HUD is working with retailers and installers to ensure that all groups understand how to complete and submit these forms.

Upcoming Meetings: HUD and SEBA host webinars and monthly conference calls to educate and maintain open dialogue with the manufactured housing industry. In addition, HUD and SEBA are scheduled to attend the following industry meetings and conferences, the Five State Convention in Deadwood, South Dakota from September 6 – 8, 2016, the New Jersey Manufactured Housing Association meeting on September 29, 2016, the Connecticut Manufactured Housing Association meeting on November 10, 2016, and the Massachusetts Manufactured Housing Association meeting on November 15, 2016. If you would like for HUD and SEBA to participate in your upcoming meetings, please send an email request with your meeting information to www.hudinfo@sebapro.com

There has been an increased interest and participation in the Installation Program. HUD appreciates all states, individuals, and associations that have contributed to the success of this program by sharing information, participating in meetings, and raising issues that need to be addressed for the benefit of the industry. HUD encourages all industry members to continue to provide feedback with any questions or concerns about the program.

For more information on the HUD Installation Program, please visit our website at <http://manufacturedhousinginstallation.com/>



HUD Manufactured Home Dispute Resolution Program

The Program in Practice

Complaint Issuer: Homeowner

Parties Involved: Manufacturer, Retailer, and Installer

The HUD Manufactured Home Dispute Resolution Program provides timely resolution of disputes between manufacturers, retailers, and installers, regarding the responsibility for correction or repair of defects reported by the homeowner in the 1-year period after the first installation of the manufactured home. To illustrate how the Dispute Resolution Program works, consider Case 2015-05, involving a home in North Dakota. The homeowner reported issues with the home shortly after installation, and after delays and disagreement about responsibility, the Dispute Resolution Program was called to assign responsibility for repairs and ensure compliance with structural and safety standards.

ISSUE

- Water damage due to time spent installing the home, and deficiencies with baseboards, drywall, and counters
- Finger-pointing among retailer, manufacturer, and installer

APPROACH

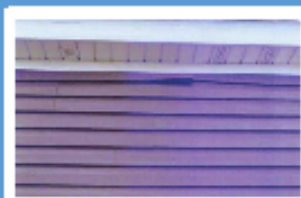
- Conducted screening and developed a list of structural and safety items that could be handled under the HUD Dispute Resolution Program
- Conducted series of calls with participants to inform the mediator of all facts and ensured that all parties agreed on items for correction
- Mediator assigned each item to one participant for correction, set timelines, and checked in regularly to see that the work was completed

RESULTS

- Settlement agreement reached between all parties within 10 days of DRP notification
- Improved communication between parties and homeowner

Program regulations can be found in Title 24, Subtitle B, Chapter XX, Part 3288.

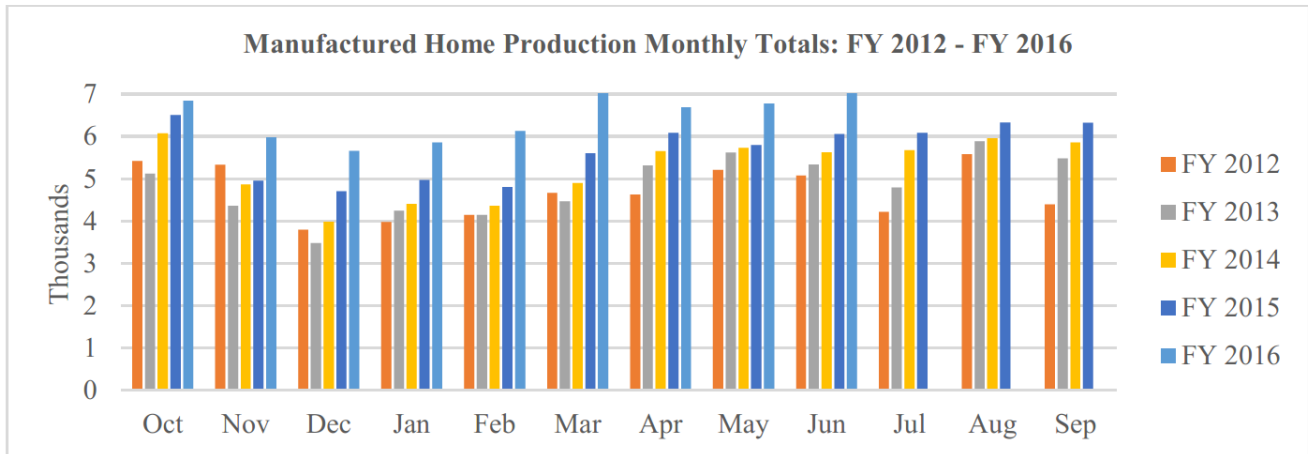
DISPUTE NUMBER
2015-05, NORTH
DAKOTA



Did you know?...

Below are graphics that show floor and home production data provided by the Institute for Building Technology and Safety.

Manufactured Housing Monthly Production Totals



Monthly Breakout of Homes and Floors Produced by Year-to-Date

Year-To-Date	Single-Wide Homes	Multi-Wide Homes	Total Homes*	Floors*
January-June 2015	15,492	17,827	33,319	51,493
January-June 2016	18,309	21,560	39,869	61,807
% change	+18.2%	+20.9%	+19.7%	+20.0%

Fiscal Year to Date Production Information and Comparison

Month	FY12		FY13		FY14		FY15		FY16	
	Floors	Homes	Floors	Homes	Floors	Homes	Floors	Homes	Floors	Homes
October	7,857	5,418	7,954	5,127	9,412	6,078	9,938	6,505	10,714	6,846
November	7,522	5,332	6,736	4,365	7,509	4,870	7,636	4,955	9,253	5,980
December	5,838	3,798	5,420	3,480	6,262	3,985	7,228	4,704	8,881	5,657
January	6,023	3,983	6,496	4,242	6,959	4,405	7,614	4,969	9,134	5,862
February	6,254	4,145	6,271	4,151	6,729	4,361	7,290	4,803	9,496	6,129
March	7,095	4,671	6,930	4,467	7,530	4,899	8,554	5,602	10,949	7,110
April	7,101	4,630	8,167	5,313	8,707	5,653	9,441	6,085	10,302	6,689
May	8,050	5,211	8,682	5,622	8,914	5,733	9,113	5,798	10,505	6,780
June	7,906	5,075	8,287	5,338	8,779	5,624	9,481	6,062	11,421	7,299

From the desk of the Administrator...

As we come to a close of the 2016 Fiscal Year on September 30, 2016, I wanted to provide you with an update of the activities of the Office of Manufactured Housing Programs since our last April 2016 newsletter. As this newsletter describes, we had a very successful June SAA/PIA two-day meeting. We focused on learning how to perform manufacturer record reviews through interactive break-out sessions using actual plant records as examples. I also want to thank the actors for our skit presentations and all the state and PIA presentation participants.

Based on comments received from our participants, we are going to start holding regional meetings in addition to our annual national meeting. We are starting this off by planning to hold a meeting of the Western and Midwestern regions in Arizona in late January or early February. We are also planning to hold quarterly conference calls with all the PIAs. The first of these calls was held on Wednesday, August 31st. I am a firm believer that communication makes a critical difference in administering a national regulatory program.

Because the deadline for comments to the DOE proposed rule that was published on June 17, 2016 was August 16, 2016, we called a teleconference meeting of the full Manufactured Housing Consensus Committee (MHCC) on August 9th to provide an opportunity for it to comment on this proposed rule as a body. This all day teleconference resulted in comments that were submitted to DOE prior to the deadline by the Administering Organization on behalf of the MHCC. This was a herculean effort that deserves congratulations!

On July 27, 2016, the EPA Administrator signed the final formaldehyde emission standards for composite wood products rule that is currently available on its website. Pursuant to the Toxic Substances Control Act Title VI as amended, HUD will publish revisions to its formaldehyde standards to be consistent with this rule. In order to start this process, we are planning to hold a MHCC in person meeting the week of October 24th in Washington, D.C.



Over this summer, I have enjoyed attending and speaking at industry association meetings. I attended the Multi-State Convention of Mississippi, Alabama, Louisiana, and Tennessee the end of July at Perdido Beach, Alabama. This meeting was very well attended and organized by the four state joint team. It provided me with an excellent opportunity to learn firsthand about the activities and issues in these states. I stayed an extra day to attend the Alabama SAA training of retailers provided by Tommy Colley and his team. This training was very thorough and would be a good resource for other SAAs since often retailers are left out of the communication chain regarding their responsibilities under the Federal Program.

I was also very fortunate to have the opportunity to attend and speak at the Rocky Mountain Home Association meeting in Black Hawk, Colorado. Their Board and Association Executive Director packed together a very informative conference in just a day and a half.

As I have informed you all on various occasions, it is also my goal to improve internal HUD recognition and understanding of the Federal manufactured housing program. As a major step in meeting this goal, on Tuesday, August 30th, I was given the opportunity to brief Secretary Castro on the importance of manufactured housing in providing affordable, quality, durable and safe homes nationwide and the role of the Federal manufactured housing program in accomplishing this mission.

Pamela Beck Danner,
Administrator for the Office
of Manufactured Housing
Programs, presenting an over-
view of the Federal manufac-
tured housing program in
Alabama.

As always, I look forward to working with you all in dealing with the opportunities and challenges that we will face in FY 2017; but I am very encouraged by the progress that we have made together over the past year and very excited by the increase in production and home sales that we are seeing throughout the country.

Pamela Beck Danner, Administrator



We're on the web!
www.hud.gov/mhs

Office of Manufactured Housing Programs
451 7th Street, SW, Room 9168
Washington, DC 20410-8000
Phone: 202-708-6423
Fax: 202-708-4213
Email: mhs@hud.gov